



COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
<http://dpw.lacounty.gov>

GAIL FARBER, Director

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

March 2, 2015

IN REPLY PLEASE

REFER TO FILE: WW-3

TO: Each Supervisor

FROM: Gail Farber *Gail Farber*
Director of Public Works

RECOMMENDATIONS FOR 2015 ADJUSTMENTS FOR DEVELOPMENT AND NEW CONNECTION FEES AND CHARGES FOR THE LOS ANGELES COUNTY WATERWORKS DISTRICTS AND MARINA DEL REY WATER SYSTEM

As instructed by the Board, by January 1 of each year Public Works reviews the fees and charges of the Los Angeles County Waterworks Districts and Marina del Rey Water System for developments and new water services and recommends to the Board any needed adjustments.

We have completed our review and recommend the development and new connection fees and charges be increased by 2.4 percent to offset the annual increase in construction costs as measured by the Construction Cost Index for the Los Angeles region as reported by the *Engineering News-Record* between December 2013 and January 2015 (see attached).

If you have any questions regarding this matter, please contact me or your staff may contact Adam Arika at (626) 300-3300 or aariki@dpw.lacounty.gov.

RG:dvt\MEMO705

Attach.

cc: Auditor-Controller
Chief Executive Office (Rochelle Goff)
County Counsel
Executive Office

**ENGINEERING NEWS-RECORD
CONSTRUCTION COST INDEX FOR LOS ANGELES**

YEAR	MONTH	CCI	%CHG
2015	Jan	10999.00	2.4%
2013	Dec	10738.68	

Adjustment = $\frac{(10999.00 - 10738.68)}{10738.68} = 2.4\%$

CONSTRUCTION ECONOMICS

ENR's 20-city average cost indexes, wages and material prices. Historical data and details for ENR's 20 cities can be found at ENR.com/economics

Construction Cost Index

+3.2%
JAN. 2015

ANNUAL INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
CONSTRUCTION COST	9971.96	+0.4%	+3.2%
COMMON LABOR	21228.82	+0.4%	+3.1%
WAGE \$/HR.	40.33	+0.4%	+3.1%

Annual inflation tracked by the CCI jumped to 3.2% from 2.7% during the previous month, with wages up 3.1% for the year.

Building Cost Index

+3.3%
JAN. 2015

ANNUAL INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
BUILDING COST	5497.11	+0.3%	+3.3%
SKILLED LABOR	9465.14	+0.3%	+3.0%
WAGE \$/HR.	52.53	+0.3%	+3.0%

The BCI began the year with a 3.3% annual escalation rate, which was up from 2.9% posted in December 2014.

Materials Cost Index

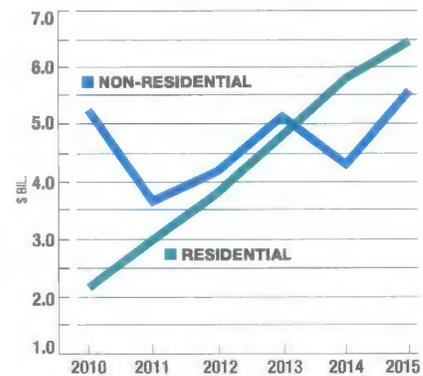
+0.3%
JAN. 2015

MONTHLY INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
MATERIALS COST	3072.60	+0.3%	+3.7%
CEMENT \$/TON	116.01	-0.3%	+5.0%
STEEL \$/CWT	50.45	+0.3%	+1.9%
LUMBER \$/MBF	471.42	+0.4%	+8.1%

Both steel and lumber prices increased this month, pushing the MCI up 0.3% in January.

Construction starts in the Los Angeles area are predicted to jump 19% to \$12.1 billion in 2015, after increasing just 2% last year, according to the latest forecast by Dodge Data & Analytics. The Los Angeles nonresidential building market is expected to rebound 30% to \$5.6 billion this year after falling 16% in 2014. Office building starts are predicted to more than double. Home building in the LA area is expected to increase another 11% this year.



SOURCE: DODGE DATA & ANALYTICS

ENR's Cost Indexes by City

1913=100 CITY

	CONSTRUCTION COST		BUILDING COST		COMMON LABOR		SKILLED LABOR		MATERIALS	
	JAN. '15 INDEX	% CHG. YEAR	JAN. '15 INDEX	% CHG. YEAR	JAN. '15 INDEX	% CHG. YEAR	JAN. '15 INDEX	% CHG. YEAR	JAN. '15 INDEX	% CHG. YEAR
ATLANTA	6242.13	+4.2	4104.55	+2.0	11492.11	+4.8	5874.47	+1.2	3024.40	+2.9
BALTIMORE	7056.39	+1.7	4917.41	+3.0	12947.37	0.0	7327.93	+0.8	3445.80	+6.0
BIRMINGHAM	6925.78	+2.9	4247.11	+4.2	13292.11	+2.8	6251.05	+5.0	3023.85	+3.1
BOSTON	12475.06	+0.7	6759.80	+2.5	27802.63	0.0	12778.98	+1.6	3080.74	+4.9
CHICAGO	14390.39	+5.9	6841.39	+4.2	32913.16	+6.4	13064.26	+4.8	3037.72	+2.6
CINCINNATI	8915.33	+4.3	4866.75	+7.0	18097.37	+1.2	7452.85	+1.0	3287.63	+6.7
CLEVELAND	11882.43	+5.8	5476.46	+6.3	26336.84	+6.6	9491.29	+8.7	3023.27	+1.9
DALLAS	5523.14	+1.7	4137.98	+1.4	9615.79	+1.0	5978.38	0.0	3014.73	+3.1
DENVER	7077.68	+1.0	4451.35	+2.5	13668.42	0.0	6765.77	+1.7	3038.19	+3.7
DETROIT	10679.50	+3.7	5658.13	+2.1	23152.63	+3.7	9951.35	+1.4	3034.67	+3.6
KANSAS CITY	10903.82	+0.1	5704.99	+0.4	23700.00	0.0	10031.83	+0.3	3061.00	+0.5
LOS ANGELES	10999.00	+2.5	5736.07	+3.0	24921.05	+2.4	10184.38	+3.2	3017.75	+2.7
MINNEAPOLIS	11760.40	+8.2	5571.40	+1.4	26031.58	+9.6	9757.36	+1.3	3013.55	+1.7
NEW ORLEANS	5858.83	+1.1	3935.68	+3.7	10494.74	0.0	5440.84	+3.9	3017.47	+3.6
NEW YORK CITY	16324.80	+4.6	8077.67	+5.1	37689.47	+4.9	16007.21	+5.7	3230.32	+3.1
PHILADELPHIA	11740.21	+1.2	6482.30	+2.6	25889.47	+0.8	12068.47	+2.2	3068.07	+3.5
PITTSBURGH	8699.94	+2.6	5352.72	+3.1	18063.16	+2.4	9266.67	+3.0	2961.19	+3.3
ST. LOUIS	10422.90	+2.8	5622.36	+4.8	22494.74	+3.0	9874.47	+6.3	3024.04	+2.1
SAN FRANCISCO	11173.16	+2.5	6409.56	+2.9	24457.89	+2.5	11937.54	+3.0	3030.91	+2.7
SEATTLE	10388.33	+2.5	5588.61	+2.6	22415.79	+2.4	9797.60	+2.5	3016.66	+2.9

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City Cost Index - Los Angeles - As of December 2014

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Text size: **A** **A**



The building and construction cost indexes for ENR's individual cities use the same components and weighting as those for the 20-city national indexes. The city indexes use local prices for portland cement and 2 X 4 lumber and the national average price for structural steel. The city's **BCI** uses local union wages, plus fringes, for carpenters, bricklayers and iron workers. The city's **CCI** uses the same union wages for laborers.

ENR COST INDEXES IN LOS ANGELES (1978-2014)

YEAR	MONTH	BCI	%CHG	CCI	%CHG
2014	Aug	5688.50	2.4	10737.43	4.2
2014	Jul	5688.50	2.3	10737.43	4.2
2014	Jun	5690.50	2.4	10739.43	4.2
2014	May	5686.75	2.5	10735.68	4.2
2014	Apr	5685.75	2.6	10734.68	4.3
2014	Mar	5682.75	2.7	10731.68	4.4
2014	Feb	5565.83	0.5	10734.43	4.4
2014	Jan	5567.58	0.7	10736.18	4.5
2013	Dec	5570.08	0.9	10738.68	4.6
2013	Nov	5572.33	0.7	10740.93	4.5
2013	Oct	5580.33	0.8	11320.93	10.1
2013	Sep	5557.48	0.5	10305.43	0.3
2013	Aug	5556.23	0.4	10304.18	0.2
2013	Jul	5558.98	1.8	10306.93	0.1
2013	Jun	5556.73	1.7	10304.68	0.1
2013	May	5550.98	1.6	10298.93	0.0
2013	Apr	5541.23	1.7	10289.18	0.0
2013	Mar	5535.98	1.6	10283.93	0.0
2013	Feb	5536.98	2.3	10284.93	1.9
2013	Jan	5528.73	2.1	10276.68	1.8
2012	Dec	5522.98	2.1	10270.93	1.8
2012	Nov	5534.23	2.3	10282.18	1.9
2012	Oct	5535.23	2.4	10283.18	2.0
2012	Sep	5532.23	2.5	10280.18	2.0
2012	Aug	5532.60	2.5	10280.55	2.0
2012	Jul	5461.22	1.4	10295.55	2.3
2012	Jun	5465.22	1.7	10299.55	2.5
2012	May	5465.72	1.8	10300.05	2.5
2012	May	5465.72	1.8	10300.05	2.5

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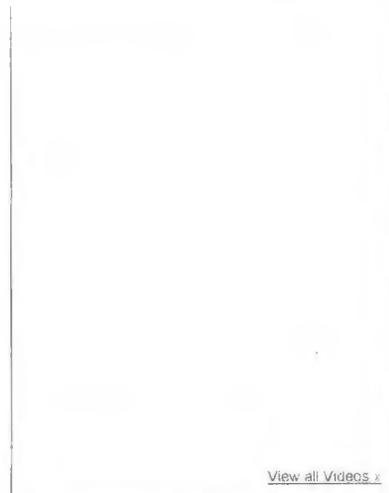
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2012	Apr	5450.97	1.6	10285.30	2.4
2012	Mar	5449.22	1.7	10283.55	2.5
2012	Feb	5414.62	1.1	10091.80	0.6
2012	Feb	5414.62	1.1	10091.80	0.6
2012	Jan	5414.62	1.7	10091.80	0.9
2011	Dec	5411.62	1.6	10088.80	0.8
2011	Nov	5411.12	1.5	10088.30	0.8
2011	Oct	5406.12	1.6	10083.30	0.8
2011	Sep	5399.62	4.2	10076.80	1.3
2011	Aug	5398.37	3.8	10075.55	1.1
2011	Jul	5385.62	3.5	10062.80	0.9
2011	Jun	5374.12	3.5	10051.30	0.9
2011	May	5368.37	3.7	10045.55	1.0
2011	Apr	5367.37	5.9	10044.55	2.8
2011	Mar	5357.87	5.8	10035.05	2.8
2011	Feb	5354.87	5.8	10032.05	2.8
2011	Jan	5323.12	5.2	10000.3	2.4
2010	Dec	5327.12	5.3	10004.3	2.5
2010	Nov	5330.37	5.4	10007.55	2.5
2010	Oct	5321.87	5.2	9999.05	2.4
2010	Sep	5181.45	2.4	9948.55	1.9
2010	Aug	5202.09	2.8	9969.19	2.1
2010	Jul	5201.59	2.8	9968.69	2.1
2010	Jun	5195.09	2.4	9962.19	1.9
2010	May	5178.34	1.8	9945.44	1.6
2010	Apr	5068.58	-0.5	9771.69	-0.3
2010	Mar	5066.58	-0.6	9769.69	-0.3
2010	Feb	5060.58	-0.7	9763.69	-0.3
2010	Jan	5058.83	-1	9761.94	-0.5
2009	Dec	5060.58	-1.2	9763.69	-0.6
2009	Nov	5057.83	-2.2	9760.94	-1.2
2009	Oct	5057.58	-2.6	9760.69	-1.4
2009	Sep	5062.33	0.9	9765.44	4
2009	Aug	5063.08	2	9766.19	4.5
2009	Jul	5061.33	2.1	9764.44	4.6
2009	Jun	5074.08	3.8	9777.19	5.5
2009	May	5086.83	5	9789.94	6.1
2009	Apr	5094.33	5.6	9797.44	6.4
2009	Mar	5096.08	5.7	9799.19	6.5
2009	Feb	5093.58	6	9796.69	6.7
2009	Jan	5107.83	6.3	9810.94	6.8
2008	Dec	5120.08	6.6	9823.19	7
2008	Nov	5173.08	7.8	9876.19	7.6
2008	Oct	5191.83	8.4	9894.94	7.4
2008	Sep	5014.96	4.7	9394.19	1.9
2008	Aug	4963.21	5.3	9342.44	5.4
2008	Jul	4956.46	5.2	9335.69	5.4
2008	Jun	4886.71	3.9	9265.94	4.6
2008	May	4844.71	2.3	9223.94	3.8
2008	Apr	4825.46	2.1	9204.69	3.7
2008	Mar	4820.46	2.1	9199.69	3.7
2008	Feb	4804.19	1.8	9183.42	3.5
2008	Jan	4804.19	1.8	9183.42	3.5
2007	Dec	4802.44	1.6	9181.67	3.4
2007	Nov	4799.94	1.2	9179.17	3.2



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